



Fox Rothschild LLP
ATTORNEYS AT LAW

Eagleview Corporate Center
747 Constitution Drive, Suite 100
P.O. Box 673
Exton, PA 19341-0673
Tel 610.458.7500 Fax 610.458.7337
www.foxrothschild.com

John J. Miravich
Direct Dial: (610) 458-3128
Email Address: jmiravich@foxrothschild.com

March 4, 2013

VIA EMAIL: margaret.hutchinson@usdoj.gov

Margaret L. Hutchinson, Civil Chief
Assistant United States Attorney
U.S. Attorney's Office
615 Chestnut Street, Suite 1250
Philadelphia, PA 19106-4476

Re: U.S. and PADEP v. City of Reading, PA, Civil Docket No. 04-05696 (E.D. Pa)(JKG)

Dear Peg:

In furtherance of the efforts undertaken by the City to keep you informed about the financial aspects of the City's Wastewater Treatment Plant and Sewer Enterprise Fund, I have enclosed a copy of the financial statements for the Sewer Enterprise Fund from February 2013.

If you have any questions, please let me know. Thank you.

Sincerely,



John J. Miravich

Enclosure

cc: Christopher Day, Esquire (via email)
Gary L. Hepford, Esquire (via email)
Keith Mooney, Esquire (via email)

A Pennsylvania Limited Liability Partnership

California

Connecticut

Delaware

Florida

Nevada

New Jersey

New York

Pennsylvania

RD#0001081

Commercial Checking Acct Public Funds

Account number: 2000011218119 ■ February 1, 2013 - February 28, 2013 ■ Page 1 of 5

WELLS
FARGO

CITY OF READING
SEWER
ATTN ACCOUNTING DEPT
CITY HALL
READING PA 19601-0000

Questions?

Call your Customer Service Officer or Client Services

1-800-AT WELLS (1-800-289-3557)

5:00 AM TO 6:00 PM Pacific Time Monday - Friday

Online: wellsfargo.com

Write: Wells Fargo Bank, N.A. (182)

PO Box 63020

San Francisco, CA 94163

Account summary

Commercial Checking Acct Public Funds

Account number	Beginning balance	Total credits	Total debits	Ending balance
2000011218119	\$36,675,360.30	\$2,390,291.57	-\$3,343,400.49	\$35,722,251.38

Credits

Electronic deposits/bank credits

Effective date	Posted date	Amount	Transaction detail
	02/01	52,715.99	Reading Area Wat Payments NTE* Sewer Receipts\
	02/01	516,690.47	WT Seq#61183 City of Reading /Org=City of Reading Srf# IN13020108144324 Trn#130201061183 Rfb# 000002928
	02/04	129,098.50	Reading Area Wat Payments NTE* Sewer Receipts\
	02/04	201,541.81	WT Seq#58706 City of Reading /Org=City of Reading Srf# IN13020408405687 Trn#130204058706 Rfb# 000002951
	02/05	132,609.22	Reading Area Wat Payments NTE* Sewer Receipts\
	02/06	83,244.14	Reading Area Wat Payments NTE* Sewer Receipts\
	02/07	95,129.84	Reading Area Wat Payments NTE* Sewer Receipts\
	02/07	350.00	WT Seq#69539 City of Reading /Org=City of Reading Srf# IN13020710013764 Trn#130207069539 Rfb# 000003025
	02/08	35,177.96	Reading Area Wat Payments NTE* Sewer Receipts\
	02/08	33,283.14	WT Seq#55259 City of Reading /Org=City of Reading Srf# IN13020808434533 Trn#130208055259 Rfb# 000003028
	02/11	25,288.85	Reading Area Wat Payments NTE* Sewer Receipts\
	02/11	773.29	WT Seq#45968 City of Reading /Org=City of Reading Srf# IN13021107371447 Trn#130211045968 Rfb# 000003043
	02/12	22,322.40	Reading Area Wat Payments NTE* Sewer Receipts\
	02/13	22,878.57	Reading Area Wat Payments NTE* Sewer Receipts\
	02/14	43,601.22	Reading Area Wat Payments NTE* Sewer Receipts\
	02/15	17,966.00	Reading Area Wat Payments NTE* Sewer Receipts\
	02/19	34,916.33	Reading Area Wat Payments NTE* Sewer Receipts\
	02/19	55,317.52	WT Seq#77116 City of Reading /Org=City of Reading Srf# IN13021907411671 Trn#130219077116 Rfb# 000003095

Electronic deposits/bank credits (continued)

Effective date	Posted date	Amount	Transaction detail
	02/20	39,247.10	Reading Area Wat Payments NTE* Sewer Receipts\
	02/20	883.68	WT Seq#62883 City of Reading /Org=City of Reading Srf# IN13022008572032 Trn#130220062883 Rfb# 000003098
	02/20	217.92	WT Seq127543 City of Reading /Org=City of Reading Srf# IN13022013205221 Trn#130220127543 Rfb# 000003111
	02/21	76,837.23	Reading Area Wat Payments NTE* Sewer Receipts\
	02/21	639.46	WT Seq#81056 City of Reading, City G /Org=City of Reading Srf# IN13022110152557 Trn#130221081056 Rfb# 000003119
	02/22	137,625.04	Reading Area Wat Payments NTE* Sewer Receipts\
	02/25	111,946.46	Reading Area Wat Payments NTE* Sewer Receipts\
	02/25	56,422.15	WT Seq#72273 City of Reading /Org=City of Reading Srf# IN13022509004493 Trn#130225072273 Rfb# 000003138
	02/25	362.51	WT Seq#70681 City of Reading /Org=City of Reading Srf# IN13022508533257 Trn#130225070681 Rfb# 000003132
	02/26	112,060.88	Reading Area Wat Payments NTE* Sewer Receipts\
	02/27	93,761.22	Reading Area Wat Payments NTE* Sewer Receipts\
	02/28	235,328.07	Reading Area Wat Payments NTE* Sewer Receipts\
	02/28	94.50	Reading Area Wat Payments NTE* Sewer Receipts - January Reconciliation\
	02/28	21,960.10	WT Seq#78678 City of Reading /Org=City of Reading Srf# IN13022808552169 Trn#130228078678 Rfb# 000003160
		\$2,390,291.57	Total electronic deposits/bank credits
		\$2,390,291.57	Total credits

Debits**Electronic debits/bank debits**

Effective date	Posted date	Amount	Transaction detail
	02/04	1,236,495.72	WT Seq#28162 City of Reading /Bnf=General Disb Srf# IN13020405383751 Trn#130204028162 Rfb# 000002932
	02/04	9,999.01	WT Seq#31534 City of Reading /Bnf=General Disb Srf# IN13020406003161 Trn#130204031534 Rfb# 000002948
	02/04	3,099.24	WT Seq#88595 City of Reading, City G /Bnf=City General Srf# IN13020410581881 Trn#130204088595 Rfb# 000002956
	02/04	2,333.09	WT Seq#88725 City of Reading, City G /Bnf=City General Srf# IN13020410590909 Trn#130204088725 Rfb# 000002957
	02/04	537.61	WT Seq#30156 City of Reading /Bnf=General Disb Srf# IN13020405493601 Trn#130204030156 Rfb# 000002941
	02/06	250,000.00	WT Seq#26945 City of Reading, City G /Bnf=City General Srf# IN13020606150095 Trn#130206026945 Rfb# 000003005
	02/06	92,920.12	WT Seq#29443 City of Reading /Bnf=General Disb Srf# IN13020606323894 Trn#130206029443 Rfb# 000003015
	02/06	88,870.17	WT Seq#27242 City of Reading, City G /Bnf=City General Srf# IN13020606172653 Trn#130206027242 Rfb# 000003007
	02/06	47,630.67	WT Seq#28375 City of Reading, Self I /Bnf=Self Ins Srf# IN13020606232372 Trn#130206028375 Rfb# 000003012

Electronic debits/bank debits (continued)

Effective date	Posted date	Amount	Transaction detail
	02/06	40,000.00	WT Seq#26872 City of Reading, Water /Bnf=Water General Srf# IN13020606141246 Trn#130206026872 Rfb# 000003004
	02/06	11,542.26	WT Seq#24244 City of Reading /Bnf=General Disb Srf# IN13020606021358 Trn#130206024244 Rfb# 000002988
	02/06	11,000.00	WT Seq#23383 City of Reading /Bnf=General Disb Srf# IN13020605550448 Trn#130206023383 Rfb# 000002981
	02/06	8,830.59	WT Seq#22736 City of Reading /Bnf=General Disb Srf# IN13020605484236 Trn#130206022736 Rfb# 000002974
	02/06	5,106.96	WT Seq#25772 City of Reading /Bnf=General Disb Srf# IN13020606071303 Trn#130206025772 Rfb# 000002995
	02/06	3,022.45	WT Seq#26471 City of Reading /Bnf=General Disb Srf# IN13020606121850 Trn#130206026471 Rfb# 000003002
	02/08	128,228.85	WT Seq#115314 City of Reading /Bnf=General Disb Srf# IN13020813014691 Trn#130208115314 Rfb# 000003031
	02/08	2,851.42	WT Seq#115985 City of Reading, City G /Bnf=City General Srf# IN13020813055117 Trn#130208115985 Rfb# 000003037
	02/08	45.00	WT Seq#117027 City of Reading /Bnf=General Disb Srf# IN13020813103549 Trn#130208117027 Rfb# 000003039
	02/12	159,915.69	WT Seq#46692 City of Reading, Payrol /Bnf=Payroll Srf# IN13021209075137 Trn#130212046692 Rfb# 000003063
	02/12	24,848.70	WT Seq#14097 City of Reading, City G /Bnf=City General Srf# IN13021205305312 Trn#130212014097 Rfb# 000003051
	02/12	1,343.29	WT Seq#14685 City of Reading, City G /Bnf=City General Srf# IN13021205345302 Trn#130212014685 Rfb# 000003056
	02/13	29,515.02	WT Seq#114060 City of Reading /Bnf=General Disb Srf# IN13021313420897 Trn#130213114060 Rfb# 000003073
	02/19	376.14	WT Seq#49271 City of Reading /Bnf=General Disb Srf# IN13021905291037 Trn#130219049271 Rfb# 000003087
	02/20	26,644.43	WT Seq#125810 City of Reading /Bnf=General Disb Srf# IN13022013140437 Trn#130220125810 Rfb# 000003101
	02/21	916,266.06	WT Seq#80514 City of Reading /Bnf=General Disb Srf# IN13022110125805 Trn#130221080514 Rfb# 000003116
	02/25	154,812.50	WT Seq#65295 City of Reading, Payrol /Bnf=Payroll Srf# IN13022508311798 Trn#130225065295 Rfb# 000003125
	02/25	87,165.50	WT Seq#73577 City of Reading /Bnf=General Disb Srf# IN13022509053110 Trn#130225073577 Rfb# 000003141
		\$3,343,400.49	Total electronic debits/bank debits
		\$3,343,400.49	Total debits

Daily ledger balance summary

Date	Balance	Date	Balance	Date	Balance
01/31	36,675,360.30	02/07	36,075,352.38	02/14	35,911,929.84
02/01	37,244,766.76	02/08	36,012,688.21	02/15	35,929,895.84
02/04	36,322,942.40	02/11	36,038,750.35	02/19	36,019,753.55
02/05	36,455,551.62	02/12	35,874,965.07	02/20	36,033,457.82
02/06	35,979,872.54	02/13	35,868,328.62	02/21	35,194,668.45

Daily ledger balance summary (continued)

<i>Date</i>	<i>Balance</i>	<i>Date</i>	<i>Balance</i>	<i>Date</i>	<i>Balance</i>
02/22	35,332,293.49	02/26	35,371,107.49	02/28	35,722,251.38
02/25	35,259,046.61	02/27	35,464,868.71		
Average daily ledger balance		\$35,967,202.69			

**IMPORTANT ACCOUNT INFORMATION**
Changes to Commercial Account Agreement
 Effective March 2013

Wells Fargo is amending the agreement governing your deposit account effective March 1, 2013. The agreement governing your account includes:

- (a) the Wells Fargo Bank's Commercial Account Agreement dated May 1, 2005 (the "Wells Fargo Agreement"); and
- (b) the Wachovia Deposit Agreement and Disclosures for Commercial Accounts effective January 1, 2010, and prior versions of this agreement which were in effect on the date of this Addendum (each, the "Wachovia Agreement").

These changes include provisions in the Wells Fargo Agreement and the Wachovia Agreement regarding Fraud Prevention, the Bank's recoupment fee, the Bank's Use of Funds, and the law governing remittance transfers. If you have questions or would like a complete copy of the Wells Fargo Agreement, as amended, please contact your relationship manager.

Protection Against Unauthorized Items.

Company acknowledges that there is a growing risk of losses resulting from unauthorized Items. Bank offers Services that provide effective means for controlling the risk from unauthorized Items. These Services include:

- Positive Pay, or Positive Pay with Payee Validation, or Reverse Positive Pay (each offered by Bank in conjunction with Bank's Account Reconciliation Plan Service);
- ACH Fraud Filter; and
- Payment Authorization Service.

In addition, implementing a layered security approach and a combination of protection and detection tools is an effective way to prevent online fraud. Bank may recommend Company use certain fraud prevention practices to reduce Company's exposure to online fraud. Each of these practices is an industry "best practice". An example of a best practice is dual custody, which requires a payment or user modification initiated by one user to be approved by a second user on a different computer or mobile device before it takes effect.

Company will be treated as having assumed the risk of any loss that could have been prevented by its use of any fraud prevention Service or best practice Bank has recommended to Company, if Company:

- Declines to enroll in the fraud prevention Service(s);
 - Enrolls in the fraud prevention Service but fails to use it in accordance with the Service Documentation applicable to it;
- or
- Fails to adopt and follow a best practice.

Recoupment Fee.

The FDIC charges each insured bank a fee to cover its share of the cost of providing deposit insurance to depositors. The FDIC does not charge a bank's depositors for deposit insurance or require banks to pass the cost of deposit insurance on to their depositors. The FDIC does, however, permit a bank to recoup the cost of deposit insurance from its depositors, so long as the fee the bank charges its depositors does not reveal information that could be used to determine the bank's confidential supervisory ratings or mislead depositors by implying the FDIC is charging the fee. Bank assesses this

Recoupment Fee to partially recover insurance premiums it pays to the FDIC for deposit insurance. The amount of the Recoupment Fee appears on the periodic statement or client analysis statement for Company's account and is based on the monthly average ledger balance Company maintains in its account. The Recoupment Fee is subject to change by Bank at any time without notice. For questions about the Recoupment Fee, Company may contact its relationship manager at Bank.

Bank's Use of Funds.

Bank may benefit from having the use of funds in customers' non-interest bearing accounts. Bank may use these funds to reduce its borrowing from other sources such as the Fed Funds market or invest them in short-term investments such as its Federal Reserve Account. This benefit may be referred to as "spread". It is not possible to quantify the benefit to Bank that may be attributable to a particular customer's funds because funds from all customers' non-interest bearing accounts are aggregated both for purposes of reducing Bank's borrowing costs and for investment and because Bank's use of funds may vary depending on a number of factors including interest rates, Federal Funds rates, credit risks and Bank's anticipated funding needs. Bank's use of funds as described in this paragraph has no effect or impact on Company's use of and access to funds in Company's account.

Laws Governing Remittance Transfers.

Any funds transfer that is a "remittance transfer" as defined in Regulation E, Subpart B, as amended from time to time, will be governed by the laws of the state of New York, including New York's version of Article 4A of the Uniform Commercial Code, without regard to its conflict of laws principles.

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